

**GOVERNMENT OF INDIA
AGRO AND RURAL INDUSTRIES
LOK SABHA**

STARRED QUESTION NO:83
ANSWERED ON:28.11.2006
LOAN FOR AGRO AND RURAL INDUSTRIES
Barman Shri Ranen

Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

- (a): the details of financial support being provided for setting up agro and rural industries at present;
- (b): whether Government is aware of the difficulties being faced by the people in rural areas in obtaining loans for setting up agro and rural industries;
- (c): if so, the details thereof;
- (d): whether the Government proposes to introduce any scheme with a view to getting disbursement of loans to the loanees from the nearest nationalised banks without much procedural hassle; and
- (e): if so, the details in this regard?

Answer

MINISTER OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES (SHRI MAHABIR PRASAD)

(a)to(e): A statement is placed on the Table of the Sabha. STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 83 TO BE ANSWERED ON 28.11.2006.

(a): The Government in the Ministry of Agro and Rural Industries provides funds for its two credit-linked subsidy schemes of employment generation, namely,

(i) Rural Employment Generation Programme (REGP) by assisting entrepreneurs in setting up village industries, in rural areas and small towns, with population upto 20,000 and

(ii) Pradhan Mantri Rozgar Yojana (PMRY) for creating employment opportunities for the educated unemployed youth in the rural as well as urban areas (approximately fifty per cent of the PMRY units established are estimated to be in rural areas). Subsidy admissible to the beneficiaries of both these schemes is released through banks in combination with the loans provided by these banks. The PMRY is implemented by the States while the REGP is implemented by the Khadi and Village Industries Commission (KVIC) and Khadi and Village Industries Boards of States/Union Territories.

The number of projects approved, employment generated, bank loans provided and Margin Money Released under REGP during the X Plan beginning 2002-03 are given below:

Year Number of projects under REGP Employment under REGP
Target Achievement Target (lakh Achievement
persons) (Persons in
lakh Numbers)

2002-03	#	21024	4.00	3.61
2003-04	#	24747	5.00	4.71
2004-05		26248	23453	5.25 5.30
2005-06		28923	26650	5.50 5.68

Targets were not fixed.

Year Bank loan provided Margin Money Released
under REGP (Rs. crore)
(Rs. crore)

2002-03	484.28	193.72
2003-04	664.36	265.75
2004-05	731.00	292.40
2005-06	730.18	320.96

Details of budget allocation and funds released under Pradhan Mantri Rozgar Yojana (PMRY) during the Tenth Five Year Plan are given below:-

Amount (Rs. Crore)

Year Budget Allocation Funds Released (including funds
(including released to NE States)
provision
for NER) Subsidy Entrepreneurial Total
Development
Programme

2002-03	169.00	152.55	15.55	168.10
2003-04	169.00	147.63	20.20	167.83
2004-05	218.90	190.48	27.69	218.17
2005-06	273.46	251.36	21.11	272.47

(b)&(c): As per Reserve Bank of India's instructions to banks, collateral security is not required to be furnished by eligible entrepreneurs for securing loan of upto Rs. 5 lakh, including village industries (VI) under the Rural Employment Generation Programme (REGP). Further, the Credit Guarantee Fund Trust for Small Industries (CGTSI), set up by Government and Small Industries Development Bank of India, has advised its member lending institutions to cover loans of upto Rs. 25 lakh extended to VI units under REGP under the credit guarantee scheme so that small entrepreneurs, including village artisans, do not face problems relating to collateral security. However, it has come to the notice of the Government that entrepreneurs have been facing difficulty in obtaining loans from banks for setting up REGP/PMRY units for project cost of even upto Rs. 5 lakh. The matter has been brought to the notice of RBI/KVIC/Khadi and Village Industries Boards (KVIBs) of the State/Union Territories and taken up in the meetings of the District Level Coordination Committees, District Task Force, State Level Coordination Committees, etc., to sort them out.

(d): As per the existing REGP/PMRY scheme, there is no bar on the beneficiaries in approaching the nearest branch of any bank involved in the implementation of these schemes. However, the processing of the application/disbursement of loan is done by the nodal/financing branch designated by the banks in the area. There is no proposal to introduce any new scheme in replacement of the existing schemes.

(e): Does not arise.